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Title of publication: *National Home Center News*. Publication No. 360730. Date of filing 10/1/1991. Frequency of issue: Twice a month, monthly in December, beginning with the second Monday in January. No. of issues published annually: 23. Annual subscription price: $79. Complete mailing address of known office of publication: 425 Park Ave., New York, N.Y. 10022. Tele. (212) 756-5151. Complete mailing address of the headquarters of general business offices of the publisher: 425 Park Ave., New York, N.Y. 10022. Full names and complete mailing address of publisher, editor and managing editor: Publisher, President—J. Roger Friedman, Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Editor—Kenneth Schept, Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Executive Editor—John Caulfield, Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Owner: *(If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of the total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual must be given. If the publication is published by a nonprofit organization, its name and address must be stated.) (Item must be completed.)* Full Name: J. Roger Friedman and John S. Friedman. Complete mailing address: c/o Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Known bondholders, mortgages, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities *(if there are none, so state)*. Full name: J. Roger Friedman and John S. Friedman. Complete mailing address: c/o Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022.

Extent and Nature of Circulation	Average No. Copies Each Issue During Preceding 12 Months	Actual No. Copies of Single Issue Published Nearest to Filing Date
A. Total no. copies (net press run)	56,133	54,200
B. Paid circulation		
1. Sales through dealers and carriers, street vendors and counter sales	None	None
2. Mail subscription	51,524	50,772
C. Total paid and/or requested circulation (sum of 10B1 and 10B2)	51,524	50,772
D. Free distribution by mail, carrier or other means, samples, complimentary, and other free copies	3,453	2,869
E. Total distribution (sum of C and D)	54,977	53,641
F. Copies not distributed		
1. Office use, left over, unaccounted, spoiled after printing	1,156	559
2. Return from news agents	None	None
G. Total (sum of E, F1 and 2—should equal net press run shown in A)	56,133	54,200

I certify that the statements made by me above are correct and complete. Signature and title of editor, publisher, business manager or owner: James R. Granato, treasurer.

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, beginning with the second Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at $79 per year in the U.S.; $89 per year to Canada; $239 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-5 copies, $79; 6-19 copies, $74; 20 or more copies, $69). Single rate copy is $5 except the following: March 18 and August 6 (show issues) $8 each; May issues (Annual Census Issues) $35 each, $60 for both; Power Report issues (Jan. 7, Feb. 4, April 22, July 22, Sept. 9, Oct. 14, Nov. 25) and Year-End Profile issue (Dec. 16) $20 each.

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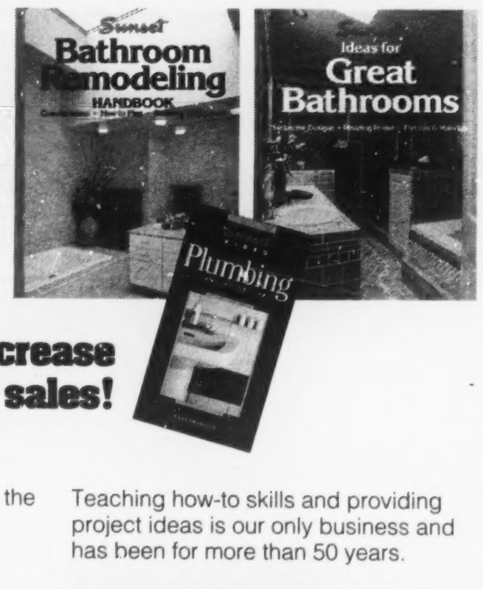
Vol. 17, No. 22 November 25, 1991

Project Ideas & Know-How



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Circle (031) on Reader Service Card

American Express targets top home centers

(Continued from page 1)

out of American Express' business with restaurants and clothing outlets.

Consequently, "the home improvement area is a growing group for us," said Kathryn Russell, vp-retail industry marketing for American Express here. She noted that last year home centers did about 7.5 million transactions and $700 million in sales paid for with an American Express or Optima card.

American Express' research found that 34 percent of these purchases were made by cardholders who either did not live in the immediate vicinity of the store or used a corporate American Express card for payment.

Russell also cited research from Simmons Marketing, which found that homeowners who had an American Express card were 21 percent more likely to shop in home centers than other consumers; among do-it-yourselfers, that figure rose to 54 percent.

Average ticket doubles

"They wanted to get more involved with us," recalled Allan Fliss, a spokesman for the 46-unit Rickel chain, based in South Plainfield, N.J.

He noted that Rickel's stores typically transact about 300,000 sales annually with customers who pay with an American Express or Optima card. The average cardholder purchase before the first promotion was $61.

About nine months ago, Rickel appeared in American Express' *Members Only* newsletter as part of a certificate program offering cardholders a 15 percent discount on all purchases over $50 made in Rickel's stores that were paid for with the card and presentation of the ad. The average ticket for purchases made by cardholders at Rickel shot up to $123, according to data that Fliss said American Express provided to the chain.

'Customized' promotions

Russell said that American Express has about "a dozen" customized programs in progress with home center chains. For example, it did a point-of-purchase program with Builders Emporium in which it provided customized banners and shopping bags. Scotty's and HomeClub offered 15 percent discounts to customers paying with an American Express card in September.

As part of its drive to attract national chains, American Express sent out direct mail pieces to prospective Home Depot customers last month, advising them that they could get 10 percent off all cabinet purchases as part of a kitchen and bath sales campaign the Atlanta-based chain was running through mid-November.

"Part of what we're trying to do is to customize our advertising for our cardholders," said Russell. In its direct mail program, American Express uses existing demographics on purchasing patterns by its cardholders to determine those who are most likely to be home center shoppers.

Advertises clinics

Last month, Rickel was the sole retailer featured in a postcard mailing.

On the front of the 4½- by 8½-inch card, the words "Don't Worry I'll Get To It This Weekend" lead recipients to flip to the back, where ad copy reported on the American Express discount and, just as important, that Rickel would be running DIY Workshops in all its stores every Saturday from 10 a.m. to 2 p.m. through Nov. 15.

An 800 number is also provided for inquiries about store locations and more details about the clinics.

The clinics were not mentioned in the earlier newsletter ads, which Fliss described as more of a "test." The postcard ad, said Fliss, was directed more at a particular store promotion, in this case the clinics.

In the most recent Rickel ad, there was also no limit on how much non-sale merchandise for which the customer could receive a discount. In the September newsletter ad that featured Scotty's, the maximum discount was $150, meaning that the maximum purchase would amount to $1,000.

Rickel has been so enthusiastic about this promotion that, according to Fliss, it plans to do "two or three" more in 1992. ◆

Pergament cuts costs to maintain growth strategy

(Continued from page 39)

Duties handled by Falk—who had been with the chain for 16 years—included oversight of the advertising, marketing and merchandising departments and will be split between two merchandisers, newcomer George Schwartz and David Levine, who was promoted from senior merchandising manager. Each will hold the position of vp-general merchandise manager.

"We needed to split the merchandising function in half because the company has grown so much over the last few years [and] to give more people the opportunity to get the job accomplished," said Kane. "Bruce Falk did not want to stay under these circumstances."

Under the restructured merchandising department, Ed Hahn and Kevin Klein will report to Levine. Hahn was promoted to divisional vp-lumber, electricals and planograms; Klein, to divisional merchandise manager of hardware plumbing and bath.

Jerry Bryden, divisional merchandise manager of seasonal goods and RTA furniture, and John Alberto, divisional merchandise manager of paint, wall coverings and floorings, report to Schwartz, as does ad director Chris Shaljian.

Schwartz, who joined Pergament on Nov. 11, had worked with Kane at Haines Department Stores, where he was a senior vp and gm.

Other recent appointments include Bob Frey, who joined Pergament from Bloomingdales as the new divisional vp and director of management information systems. He replaces Bob Bison, who retired.

Pergament also laid off a small number of store personnel. These included store setup crews and eight people involved in the early stages of implementing an automatic replenishment system. ◆

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Boldface denotes reader service number

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National
Home Center News ®

SECOND CLASS

Vol. 18, No. 2 $20 a copy The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers. Published by Lebhar-Friedman Inc. January 20, 1992

New remodeler study:

Smaller pros more likely to shop at home centers

by an NHCN staff editor

NATIONAL REPORT — Remodelers who are most likely to shop in a home center for products work out of their homes, specialize in smaller millwork and roofing installation jobs, and use product availability and location as primary criteria for where they make their purchases.

These remodelers form what a new survey calls a "gray market" among professionals who repair, remodel or build onto homes. But they account for an estimated one-fifth of the remodeler universe and are probably the strongest pro segment from which home improvement centers can draw more business.

The new study, prepared for the Home Improvement Research Institute out of Lincolnshire, Ill., interviewed 1,001 remodelers by phone last July and August about their businesses, their clients, what they buy and where they buy it.

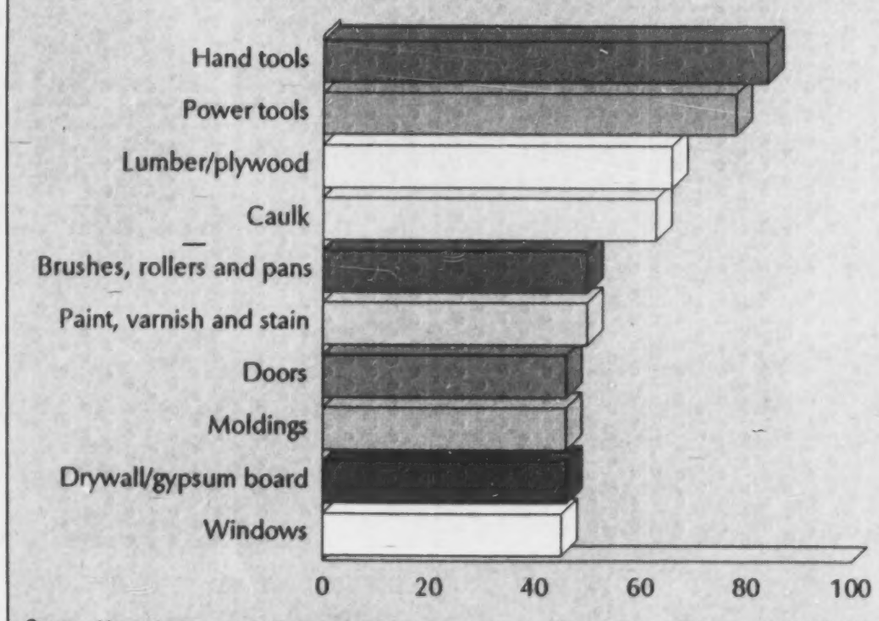
A profile of remodelers

The survey, whose complete findings were released last month to the Institute's members, breaks remodelers into six segments and touches on what jobs each segment is likely to focus on, the amount of sales each segment generates annually

(Continued on page 36)

Materials purchased for remodeling jobs in the past year

(percentage of respondents)

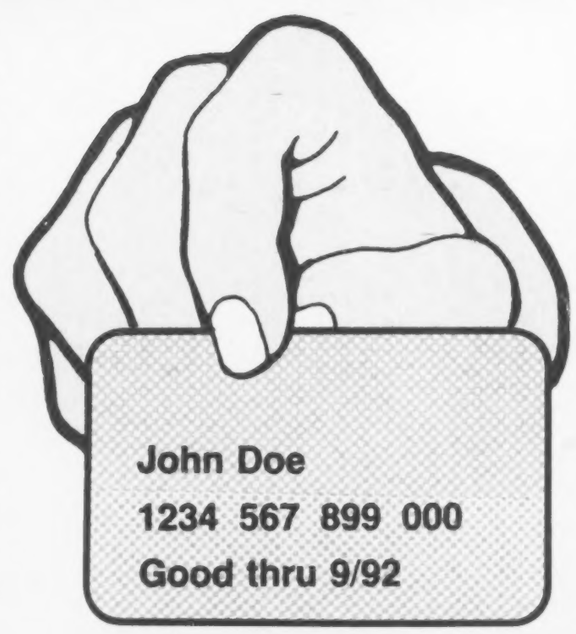


Source: Home Improvement Research Institute *NHCN* chart

***'Durability' is what remodelers** look for when they're buying hand tools, the products they purchased most frequently for remodeling projects last year, according to a new survey.*

Cash-strapped consumers say no to dealers' 'plastic' offers

by Gary Ruderman



NATIONAL REPORT — Home improvement retailers are pushing consumers to buy more products with credit cards. But they say that consumers, already tapped out by personal debt, are imposing new limits on their credit purchases.

In the last six months, credit card purchases throughout the entire retail sector and across the nation have slowed and, some industry officials contend, reached a ceiling.

In addition, both credit card issuers and retailers who hold onto charge accounts are tightening their reins on which customers get cards. Over the past half year, more cash-strapped consumers stopped paying off their full monthly charges and began making partial payments that include steep interest charges.

Nevertheless, the majority of dealers encourage credit card transactions, primarily because consumers who buy with plastic are likely to spend more.

This month and next, for example, Builders Square is promoting its private label credit card with a "no payments till May" come-on. This comes on the heels of a six-month-long

(Continued on page 37)

Lumber price hikes probable

NeRLA panel: Industry poorly prepared for recovery

by Ken Schept

BOSTON — Lumber and building material dealers are likely to face major price hikes and spot shortages on certain wood species and on gypsum board if housing starts reach 1.3 million units this year, as expected.

These developments will occur as the economy recovers slowly and erratically, producing spikes in demand that cannot immediately be met by current capacity levels. In addition, the lumber supply will be further restricted by environmental regulations.

These predictions emerged from a panel presentation by three ceos of leading industry suppliers who opened the

(Continued on page 37)

Standard Brands plots recovery

New financing plan could raise $6 million

by Robyn Taylor

TORRANCE, Calif. — Standard Brands Paint Co.'s financial future brightened last month when it announced a plan that could pour $12 million back into the financially wrought chain.

On another optimistic note, the company finally ratified a five-year collective bargaining labor contract with the United Food and Commercial Workers Union. The employees who belong to that union had gone without a contract for a year.

The nation's largest paint and decorating retailer needs every bit of good news possible, especially after it reported its fourth consecutive quarterly loss. Standard Brands announced on Dec. 11 that it lost $2.7 million on sales of $64.5

(Continued on page 37)

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bands West Coast presence p. 3
New feature: The contractor's voice p. 23

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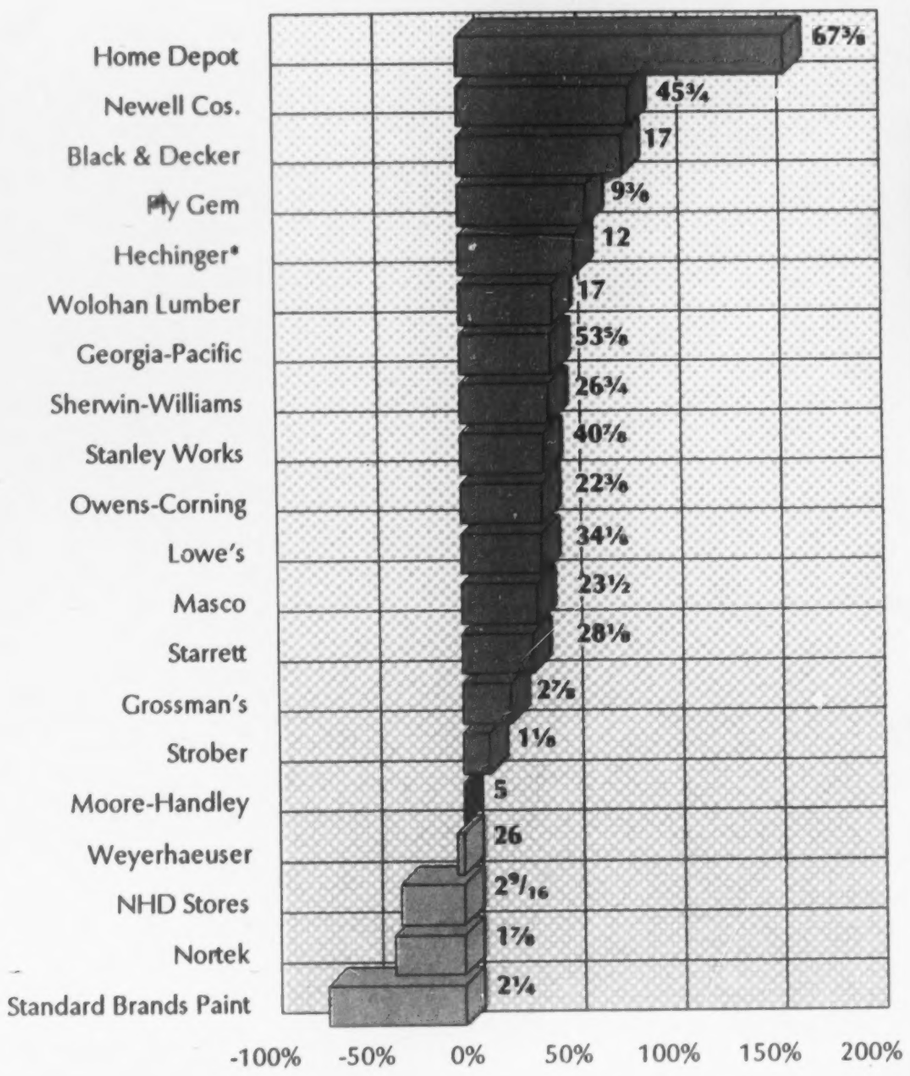
INDUSTRY STATS

You could have done worse

Stock performance of selected home improvement-related companies

(% change from 1990)



Numbers outside bars indicate closing stock prices.

*Hechinger "A" common stock
Source: *The New York Times*

NHCN chart

***Quite a few home improvement companies** benefited from the stock market's spurt at the end of 1991. But others, like Home Depot whose stock price jumped 162 percent, were strong performers the whole year. Overall, publicly held industry stocks outperformed the Dow Jones Industrial average, which increased 20 percent, but fell short of the performance of the NASDAQ index, which had a record gain of 57 percent.*

COMING ATTRACTIONS

BUYING & SELLING

***Merchandising and marketing** articles on hardware, lumber and flooring will be featured in* NHCN's *Feb. 17 issue.*

NATIONAL HOME CENTER SHOW ISSUE

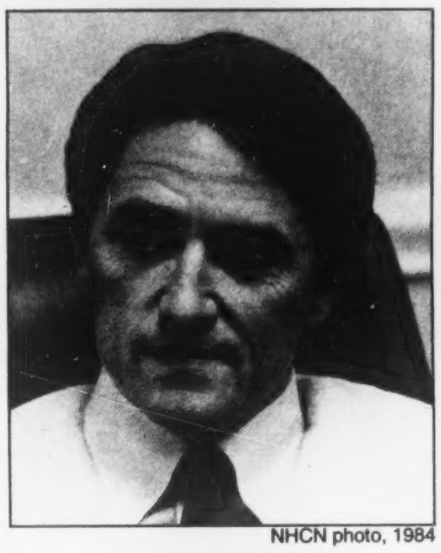
THE NATIONAL HOME CENTER SHOW® & CONFERENCE
March 8-10, 1992 / Chicago

***Comprehensive industry coverage will be showcased** in the March 2 issue, including:*

- *A photo essay on Ernst's latest prototype;*
- *Company profiles of BMC West in Idaho and ACO Hardware in Michigan;*
- *A series on Mexico's home improvement market;*
- *An update on housing, with a report from the NAHB Show;*
- *Two* NHCN *editors recount their experiences working in home centers on both coasts, accompanied by a sidebar on vendors who work in stores;*
- *An extensive new products section.*

NEWS BRIEFS

Lowe's Cos. merchandising vp departs



NHCN photo, 1984

Jerry Edwards

NORTH WILKESBORO, N.C. — Jerry Edwards, a long-time merchandising executive with Lowe's Cos. and most recently its vp-merchandising, has left that chain suddenly, citing differences in management philosophy.

Edwards, 49, joined Lowe's in October 1983 as a vp-specialty products. He had worked for a number of retailers, including the now defunct O'Malley's and Handy City chains.

Cliff Oxford, a spokesman for Lowe's, declined to speculate on Edwards' specific reasons for leaving the chain, although it was known internally that there had been some professional friction between Edwards and Lowe's executive vp Robert Tillman, who assumes Edwards' responsibilities.

Edwards was one of two vice presidents over "home center products" (the other being Greg Bridgeford), and Oxford could not say whether Lowe's intended to name a replacement.

Chase-Pitkin to debut in upstate N.Y.

BUFFALO, N.Y. — Chase-Pitkin will open its first store in this market sometime in late February or early March, and will join an already-crowded field of home center operators.

The Rochester, N.Y.-based Chase-Pitkin will open its newest unit, with interior and outside space totaling 105,000 square feet, next to a new Wegman's supermarket and across the street from a new mall called The Galleria. Wegman's is the home center chain's parent company.

The new unit will face strong competition in Buffalo—a market which at the beginning of last year was generating only $34.8 million in retail hardware and lumber, according to *Editor & Publisher*—from a number of dealers including Builders Square, Hechinger, Grossman's and Valu Home Centers.

General Building tests outlet concept

MEDFORD, N.Y. — General Building Products is converting its Northport, N.Y., store into a "Building Material Manufacturers Outlet," according to Bruce Meltzer, ceo and president of the six-unit company based here.

Although the details of the new concept have yet to be worked out, Meltzer said the unit would handle surplus building materials including millwork, windows, kitchens and doors but not hardware and paint. He insisted that it would not be a salvage operation nor deal with closeout merchandise.

"We believe the outlet concept, offering first quality surplus goods, gives us an opportunity to explore an avenue of building material retailing that's not been done before," said Meltzer.

The outlet is an interim move for the company as it negotiates the sale of the real estate, which Meltzer estimates will take 18 months. But if it proves successful, General may roll the concept out to a variety of sites.

Sales from the unit, which lies directly across the street from a Home Depot, were "not satisfactory," said Meltzer. Two other competitors—Window World and Rickel Home Centers—recently closed their doors here in this town on the northern shore of Long Island.

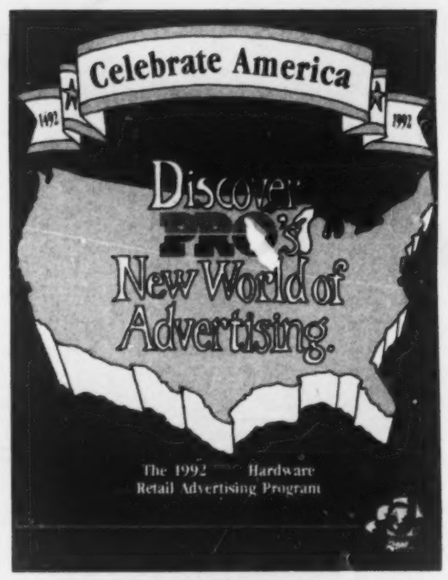
The front of the 6,000-square-foot store will house two separate businesses, also run by General: the current kitchen showroom and a new Eagle window and door store.

General operates units in Bethpage, Haverstraw, and Medford, N.Y.

Pro offers members total ad flexibility

ENGLEWOOD, Colo. — Pro Hardware is moving into 1992 with revisions in its advertising program that offer its lumber and building materials dealers complete flexibility in composing their circular ads.

The marketing company invites its members to "Celebrate America" and discover Pro's "New World" of advertising in a 16-page brochure that highlights the program's features. The brochure takes as its theme the 500th anniversary of Christopher Columbus' discovery of America. In July and October, Pro members will use



Pro Hardware's 1992 circular, which lets its dealers change any item and price as late as 48 hours prior to printing.

a cartoon drawing of Columbus as the unifying theme to drive promotions.

But the major addition to Pro's ad campaign this year is the completely flexible, 8-page lumber and building materials circular, available in April, May, July and October. John McGraw, Pro's vp of the Pro stores program, explained the changes in this offering.

"We used to let dealers change a few items and prices only on two of the circular pages," he said. But Pro now has a printing company able to handle the very labor-intensive process of letting dealers change any item and price in the entire circular. Stores can make pricing changes as quickly as 48 hours prior to printing.

McGraw said that distributor-members are offering their vote of confidence; orders for advertising programs are projected to be up 38 percent over last year, for the first three months through March.

And distributors are seeing their retailers express a greater interest in the Pro programs. The circular's expanded flexibility has helped RKB Enterprises, a Pro-affiliated wholesaler in Elmira, N.Y., achieve its highest-ever level of retail response.

"We have over 100 dealers letting us do their advertising through Pro for 1992, by far our best year ever," said RKB's Pro program director Bob Fischer.

Simultaneous industry conventions demand being two places at once

by Ken Schept

It's showtime.

In less than two months the National Home Center Show and the International Hardware Fair will be under way in Chicago and Cologne, respectively.

Unfortunately, this year these two important events happen simultaneously. And there are important reasons to visit each.

As usual, the Home Center Show offers a chance for U.S. retailers and suppliers to visit with each other and review products and programs. This year's agenda also includes special sessions at which retailers and suppliers are expected to engage each other in a face-to-face, candid exploration of partnership.

Typical partnership vows go something like this. Both parties utter "I do," amid smiles, a warm handshake and, possibly, a toast with the following sentiments expressed (and unexpressed).

Retailer: I look forward to doing business together. (And I expect enough co-op dollars and merchandising support to turn lackluster sales into a banner year). We'll be a great team.

Supplier: I look forward to doing business together. (And, if you're still in business next year, maybe we'll shake hands again). We'll be a great team.

The retailer-supplier truth session could help clarify the ways in which industry segments can work together more productively and honestly.

The International Hardware Fair will also produce excitement, but for other reasons. It's the industry's most international trade event, with exhibitors from 40 countries and visitors from 90.

Consequently, the array of products and the potential for new ideas is tremendous. In addition, this year marks the launch of a new building materials and DIY supplies fair that runs concurrently and in the same facility as the Hardware Fair.

And all this activity takes place in the center of Europe, where extraordinary change is opening up new opportunities and markets. U.S. retailers must be there; U.S. suppliers must be there.

I'm sure Home Center Show and Hardware Fair organizers will coordinate dates in the future.

For this March, however, if possible, be there . . . and be there.

When customer service gives way to debt service, retailing's the loser

Investment groups and banks are playing an ever-increasing, and sometimes pivotal, role in how companies in this industry are being run.

by John Caulfield

A few weeks ago, Founders Equity, a New York City investor, agreed to pump much-needed capital into Standard Brands Paint Co. In doing so, it also installed its own handpicked chief operating officer.

The CIT Group of Manufacturers Hanover, as it has done for a number of home center companies in the past, threw a life raft, in the form of a new line of credit, to a drowning Leeds Building Products, which filed for bankruptcy in November. One assumes that the lender will have considerable say in how this company is reorganized, if Leeds is able to achieve that goal.

Merrill Lynch Capital Partners, which in essence owns and runs Rickel Home Centers' parent company, gained a toehold as well into Payless Cashways last month through the acquisition of debt Payless' management took on in 1988 to pay for its leveraged buyout of the chain.

Last year, when investors in Grossman's stock threatened to take their complaints about how the chain was being run to the shareholders, Grossman's management installed the investors onto its board of directors. General Electric Capital Corp. agreed to eat most of Channel Home Centers' debt after being given equity in the retail company and a board position.

These examples are more than just anecdotal musings; they are signs of the times, and not very positive ones.

Debt, per se, is not a bad thing. There are instances in which highly leveraged firms, such as Payless, have been able to maintain a significant degree of operational autonomy from their lenders.

But for an alarming number of retailers, debt service is as important as customer service. This, of course, is the consequence of the free-spending ways of the '80s that have come to haunt the whole U.S. economy.

As risk-averse MBAs and CPAs, concerned more about counting beans than skus, throttle back a company's excesses, it's also likely they will tamp down creative tendencies that are essential for the survival of the businesses they are supposed to be helping.

Debt-laden retailers have been their own worst enemies and must now suffer the further indignity of watching their companies, yoked by fiscal and managerial harnesses, running in place when they should be spending most of their time coming up with new ideas to compete.

National Home Center News®

The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers

published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, N.Y. 10022
212-756-5000/Fax: 212-838-9487

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Tampa, FL P.O. Box 31185, Tampa, FL 33631-3185
813-664-6707
Circulation Director—Cindy Stump (664-6747)

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Hechinger's sales rise 14% in December

LANDOVER, Md. — Hechinger Co. reported that sales in December rose 14 percent to $137.6 million, and that its comp-store revenues increase in that month by 4 percent.

The 117-unit company, based here, said its year-to-date volume jumped 15 percent to $1.5 billion, though same-store sales grew by only 1 percent during the same period.

While buoyed by these results, John Hechinger, the company's ceo, said that he was disappointed by the comp-store performance and stated that Hechinger "continues to operate in a difficult retail environment."

In other company news, during the first two weekends of January, Hechinger encouraged its customers to bring their Christmas trees to their nearest store instead of a local landfill.

Hechinger's "Christmas Tree Recycling Program" applied to its 14 northern Virginia stores and is run in conjunction with Browning Ferris, a Merrifield, Va.-based trash company, together with volunteer arborists.

"We were thrilled with the response the program received last year," said Jerry Brase, vice president/divisional merchandise manager and captain of Hechinger's environmental group known as the Green Team.

"[Last year] 11,000 live trees were recycled because of our efforts. This year we're projecting the number will jump 50 percent to 16,000," he said.

Customers bringing their trees to the Hechinger stores were given coupons entitling them to a 10 percent discount on purchases of $100 or more.

At the stores, arborists and people from tree service companies donated their time and equipment to shred the trees into mulch. This was then transported by Browning Ferris to transfer stations or landfill sites. The mulch was also offered to the public at no cost.

Details of the recycling program were printed in Hechinger's December flyers and ads and promoted by associates in the stores.

Hechinger's Green Team also issued guidelines to stores in other markets hoping to encourage managers to initiate their own recycling program.

Anderson strengthens foothold in economically sound Utah

OGDEN, Utah — Anderson Lumber is increasing its presence in Utah county to take advantage of the stronger economy there, according to Jim Beardall, chairman and ceo.

It is doubling the size of the Murano Lumber unit it purchased last September in Orem, Utah. The company has also begun construction on a truss plant and will add a build-to-suit unit later this year.

This will increase Anderson's presence to three stores in a county that is attracting a number of data processing companies, including Novell, the computer network company, and WordPerfect.

Beardall declined to divulge how much his 23-unit company paid for Murano Lumber or the cost of its renovations. But the company is transforming what was a small retail operation into a full scale lumberyard targeted equally to contractors and consumers.

Anderson is building a 20,000-square-foot home center and a consumer drive-through yard and hopes to hold a grand opening in April.

Construction began on the truss plant last month, which is scheduled to be ready by the spring.

Depot hires director of community affairs

ATLANTA — Home Depot has appointed Suzanne Apple as its director of community affairs, a new position responsible for managing the chain's corporate giving program as well as its relations with all communities where it has stores.

Apple's immediate priority is to build on Home Depot's work in affordable housing and in helping at-risk youths.

The chain's philanthropy and community investment programs are budgeted at approximately $4 million. Forty percent of this is earmarked for affordable housing programs and another 20 percent for programs targeting at-risk youth.

Another 20 percent is a discretionary fund that's spent locally, and 10 percent goes to local United Way chapters.

Apple worked with Home Depot since 1989 as a vice president at Memphis-based contributions consulting firm Coletta Brewer & Co.

HomeClub to offer free bare root planting guides at all units

FULLERTON, Calif. — HomeClub will distribute free bare root planting guides through February at all of its 73 locations.

The booklets are filled with information on bare root roses, fruit trees, vines and berries. They also provide diagrams with instructions on soil preparation, planting, fertilizing, watering and pruning.

HomeClub started distributing the free guides last year during January and February to complement its expanded selection of bare root roses, vines and trees.

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This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rate: $89 per year in the U.S.; $99 in Canada; $239 in all other countries (air mail only). Second-class postage paid at New York, N.Y., and additional mailing offices. Postmaster: Please send address changes to Subscription Dept., National Home Center News, P.O. Box 31185, Tampa, Fla. 33631-3185. Vol. 18, No. 2, Copyright© 1992 by Lebhar-Friedman Inc. All rights reserved.

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National Home Center News®

Vol. 18. No. 3 $5 a copy The Journal of News & Trends for Home Improvement Retailers. Co-ops & Wholesalers. Published by Lebhar-Friedman Inc. Feb. 3. 1992

Eagle picks ex-Pay 'N Pak vp as president

TUKWILA, Wash. — Richard Takata, Pay 'N Pak's former executive vp, has been appointed president and chief operating officer at the chain's archrival, Eagle Hardware & Garden.

Takata, 42, resigned from Pay 'N Pak in July 1991 to start his own consulting business specializing in international consumer product sourcing. But the 16-year industry veteran decided to step back into home improvement retailing when he was offered the opportunity to work with the rapidly growing Eagle.

"I am extremely pleased to be associated with this exciting company and look forward to being an integral part of the expansion

(Continued on page 33)

Dealers act to avert lumber shortages

Home Depot among chains looking for new sources

by Gary S. Ruderman

NORTHAMPTON, Mass. — Does Mike Fritz know something the rest of us don't?

By Christmas, Fritz's company, Rugg Lumber, a two-store company here that does $14 million in sales, had made its commitments and contracts to buy 70 percent of the lumber it expects to sell through 1992. This time last year, Rugg Lumber had committed to just 27 percent of its annual needs.

"We want to be in line, in front of everyone else" for lumber this year, said Fritz, Rugg's senior vp, last month. He added that he isn't "as worried about price as I am [about] getting the product to sell."

Fritz fears lumber shortages this year. He's not alone.

Home Depot, the nation's largest chain, is looking domestically and "globally" for more sources of lumber supply in anticipation of shortages over the next two to three years.

"If we cycle back to more housing in the next two to three years, it's going to be a bear" getting wood, said Mike

(Continued on page 33)

Payless HQ develops close ties to local school

Tutoring program one of 15 sponsored activities

Photo courtesy of Payless Cashways

Hands-on training: *Stout works with Williams*

by John Sinisi

KANSAS CITY, Mo. — It's Thursday morning here at the Crispus Attucks Magnet Elementary School, and 9-year-old student Sir Williams bounds into the cafeteria. He meets his tutor at a dead run, gives him a hug and slaps his most recent spelling test on the table, a grade of 100 percent emblazened at the top.

COMMUNITY SERVICE

The tutor, Payless Cashways senior accounting analyst Dave Stout, praises Williams and presents him with the latest children's edition of *National Geographic* as a reward.

Stout is one of 30 Payless Cashways

(Continued on page 34)

Cotter previews Build America at show

Florida dealer unveils new-look prototype

by Robyn Taylor

SAN DIEGO — Just a few days after Christmas, Adams Building Materials in Dundee, Fla., unveiled its new look as Cotter & Co.'s prototype Build America home center.

Dealer-members of the hardlines co-op got their first glimpse of the new home center program at Cotter's Winter Lumber Market, held here last month.

The program, which won't officially be rolled out until next year's lumber market in Orlando, Fla., is designed for building material retailers and contractor supply businesses.

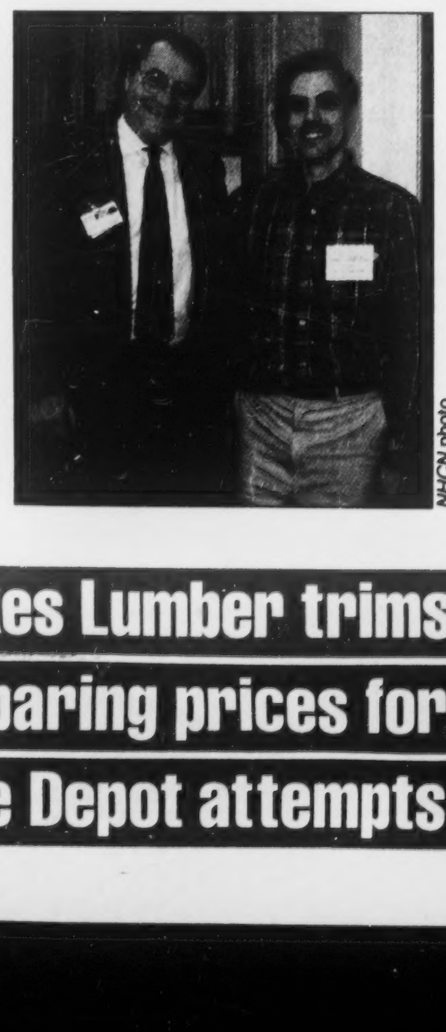
"We want to focus on keeping the consumer project dollars in our stores," said Larry Wendling, Cotter's lumber and building material division operating manager.

Wendling, who is in charge of the new Build America program, said that, by next January, Cotter hopes to have prototypes set up in each of the 15 regions serviced by a distribution center.

The 'perfect' choice

The Florida store was the perfect choice for the first Build America home center, said Wendling, and its conversion worked to the mutual

(Continued on page 33)



NHCN photo

Illustration courtesy of Cotter & Co.

Build America: *An artist's rendering of the new format. (Inset, left) Cotter president Dan Cotter with dealer Joseph Amaral, who is considering taking on parts of the program.*

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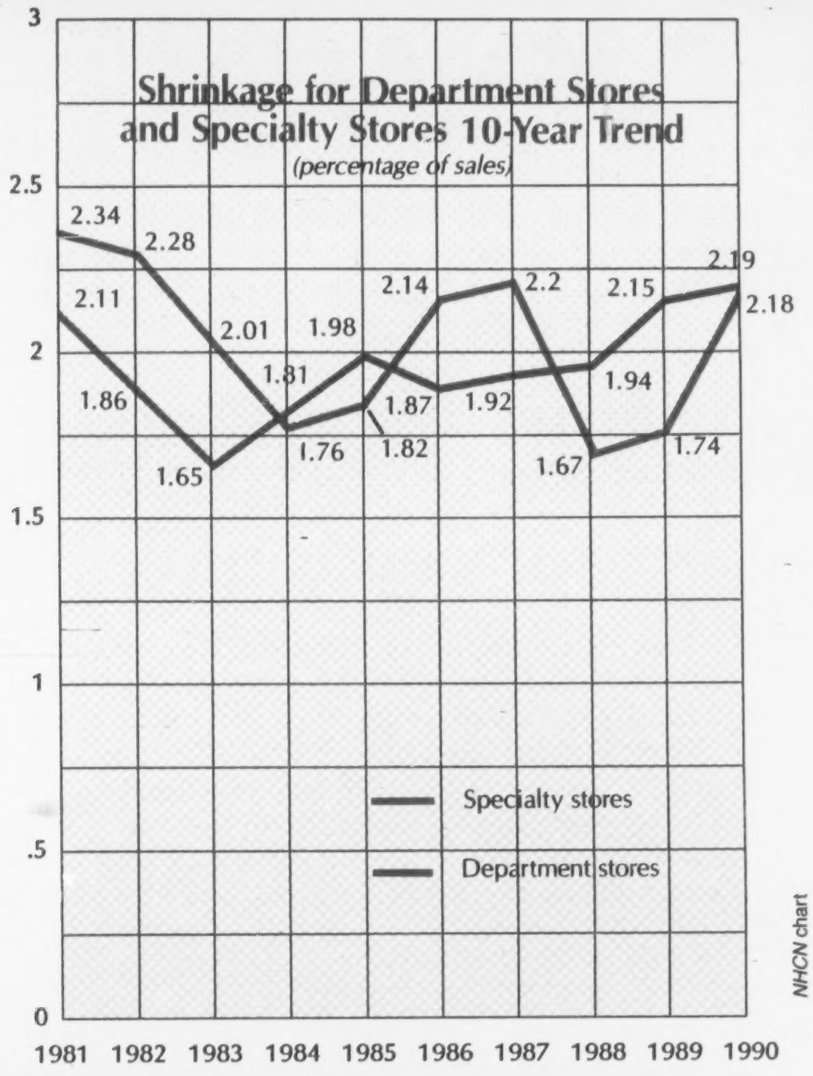
INDUSTRY STATS

Shrinkage up second year in a row



Sources: *The Peter Berlin Report on Shrinkage Control;* National Retail Federation

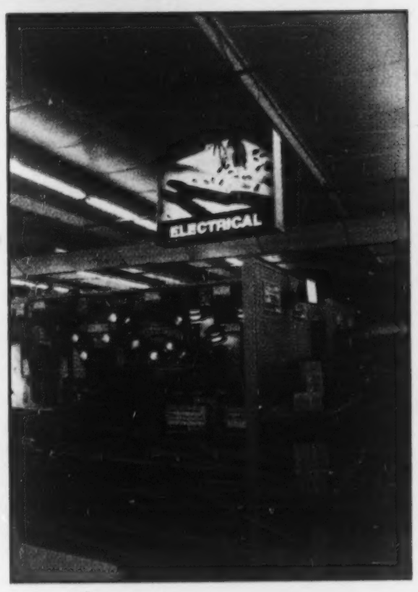
***Home improvement retailers struggling** to reduce theft in their stores may find instructive the latest data on shrinkage in department and specialty outlets from the National Retail Federation. Based on responses from 111 companies, the survey found that shrinkage rose for the second consecutive year in 1990, possibly attributable to cost cuts in store security.*

For more information, contact Marie Drum Beninati, senior vp-business services, National Retail Federation, 100 West 31st Street, New York, N.Y. 10001, (212) 244-8780.

COMING ATTRACTIONS

BUYING & SELLING

NHCN's *April 6 issue* *will feature articles on the electricals, molding and window treatment categories. Advertising produced by the winners of this year's Golden Hammer awards, which will be presented at the Home Center Show, will also be showcased.*



NHCN's ANNUAL CENSUS ISSUES

If it's May, it's time again for NHCN's *annual scoreboard, which over two issues (May 11 and May 25) will provide extensive data on the 1991 performance of retailers, wholesalers and buying groups. The distributor list will be expanded to 250, and include recaps of major product categories. The Retail Scoreboard will be blown out to 500 companies for the first time.*

NEWS BRIEFS

Pergament severs ties with ad agency

MELVILLE, N.Y. — Pergament has dropped its ad agency and various marketing strategies as it continues to trim its budget in a sluggish economy.

The 34-unit chain ended its $9 million contract with Kirschenbaum & Bond, the New York agency that created its broadcast ads. Alan Kane, Pergament's president, said some funds will be shifted to newspaper and radio.

"We weren't getting a payoff and when business is tough you need to make sure ad dollars pull for you," he said.

Pergament has also withdrawn its ads from the Sony Jumbotron billboard in New York's Times Square, cancelled its billboards with Stillman Advertising, and ended its affiliation with the New York Mets. This comes after the chain disbanded its marketing department and laid off its director, John Russo.

NHCN to honor Golden Hammer winners

National Home Center News invites you to join the winners of the eighth annual Golden Hammer Advertising and Marketing Awards at a reception to be held during the National Home Center Show. The event will take place on Monday evening, March 9, from 5:00 p.m. to 7:00 p.m. in the Chicago Room at McCormick Place, Chicago.

Tickets are $75 per person when purchased in advance and $85 per person at the door. For additional information and reservations, contact Diane Fristachi at (212) 756-5142 or fax your requests to (212) 756-5295. The reservation deadline is Friday, February 21. We look forward to seeing you there.

Builders Square to add 24 new stores

SAN ANTONIO — Builders Square plans to build at least 24 stores during the current fiscal year and increase the size of its prototype by 17,000 square feet to 107,000 square feet, up from 90,000 square feet, according to the company's vp-marketing Mark James.

The increase in square footage will enable the retail warehouse chain to expand its merchandise assortment, particularly in the areas of plumbing and electricals. The broadened product range will emphasize decorative products that are targeted at attracting more female customers.

All units will contain decor centers that display high-end merchandise in a project setting and are staffed by consultants.

"The stores will be easier to shop with wider aisles, easy entry [facilitating access to products] and special checkouts for big-project items such as lumber," explained James.

COMMUNITY SERVICE

Telecheck sets up fund for the homeless

DENVER — TeleCheck, a check processing concern, has established a fund for the National Coalition for the Homeless (NCH).

Under the program, called TeleCheck Retail Partnership for the Homeless, TeleCheck will set aside roughly $32,400 in 1992, equal to 8 percent of the coalition's 1991 budget of $405,000.

TeleCheck kicked off the program in its booth at January's National Retail Federation convention in New York. The company sent its key potential clients unendorsed checks for $50, made out to the NCH. TeleCheck endorsed the checks as prospects returned them to the booth, and gave the prospects credit for making the donation.

In a prepared statement, NCH executive director Fred Karnas expressed his hope that TeleCheck's efforts would encourage other businesses and retailers to follow suit.

'Dirty Corners' gets reprieve from West

MERIDIAN, Miss. — A unit of West Building Materials and a local prefab component company are bidding on a project to turn five shotgun shacks into starter homes.

The community, until now known as Dirty Corners, Miss., but recently renamed the New Hope Community, received a $100,000 grant from the United Parcel Service Foundation and five mobile homes from the Federal Department of Housing and Urban Development. The five families, who will help work on their new homes, will live in the trailers until they are completed.

The Delta Housing Development Corp., a non-profit group that has assisted in sweat-equity construction of 200 homes in the area, will work on behalf of the homeowners to procure the necessary building materials.

The homes at present have no internal plumbing or electricity, open sewage ditches, and no windows or insulation. Most of the residents of New Hope earn $6,000 a year as farm workers, an insufficient wage to qualify for financing.

HomeClub donates $$$ to City of Hope

FULLERTON, Calif. — HomeClub, in cooperation with plus mark and the Paper Magic Group Inc., presented a $16,014.40 gift to the City of Hope last month. Located in Duarte, Calif., it is an internationally renowned medical research and treatment center.

The donation was a result of wrapping paper and card sales at HomeClub's 73 stores during the holidays. Greeneville, Tenn.-based plus mark, a recycled wrapping paper manufacturer, made a contribution for each roll of wrapping paper sold for a total of $6,014.40. The Paper Magic Group, located in Scranton, Pa., donated $10,000 based on holiday card sales.

Is your company performing a community service that merits attention? National Home Center News *encourages you to write us with the details, so we can share your efforts with the rest of the industry. Send all information to John Sinisi, Associate Editor,* National Home Center News, *425 Park Avenue, New York, N.Y. 10022.*

Determination winning over despair

Gloom lifts as Northeastern dealers tackle recession, competition

by Ken Schept

Relief was the dominant mood at the annual Northeastern convention, which took place in Boston earlier this month.

For the past couple of years, Northeastern dealers have acted like nervous hosts dreading the arrival of two uninvited and unwanted visitors: the long recession and warehouse competition.

The guests arrived. And, as usual, anticipation proved to be much worse than reality.

First, the economy is showing signs of life. Concern about dwindling housing starts has been replaced by speculation about lumber shortages and spiking prices.

"One if by land; two if by sea" is again an appropriate local refrain amid reports that:

- Excessive amounts of timber are sitting on the ground at at least one New England reload center;
- For the first time in years, a particular supplier is bound for New Haven, Conn., harbor laden with a cargo of Western wood.

Second, dealers have replaced paralyzing fear and loathing with receptivity to new ideas and with action.

A capacity crowd filled a breakfast session to hear three colleagues talk about how they have gone up against Home Depot. At lunch the same day, a group heard three Texas dealers share their experiences.

Northeastern dealers are adding new stores and remodeling old ones, opening on Sundays, establishing installed sales programs, expanding special-order opportunities, treating customers better and streamlining operations.

Of course, there's still concern about the economy and the warehouse stores. But determination has replaced despair.

Dealers know they can't control the economy or Home Depot. So they've focus their energy where it belongs, on their individual businesses.

Many of these family businesses have served their communities for generations. Today, the tradition continues with renewed confidence.

Presidential vs. managerial failings

East Coast Lumber's problems can't all be blamed on Bush's policies

by John Caulfield

Much in the news these days is the presidential primary in New Hampshire, whose hot button is the impact of that state's economic mess on its businesses and people.

One firm said to have been crippled by that collapse is East Coast Lumber Co., which has emerged as a lightning rod in this campaign.

East Coast is where, in 1988, candidate George Bush drove around on a forklift and launched his drive to the White House. The lumberyard with $53 million in sales that year became the perfect symbol of prosperity.

Now, East Coast is a very different symbol for what critics say are President Bush's failed economic and tax policies which have hammered New Hampshire, especially in the south where East Coast is headquartered.

In 1991, East Coast's sales sank to $7 million. Its frustrated president, Peter Lewis, said on the Jan. 15 broadcast of "Nightline" that he might "send a message" to Bush by voting for right-wing political commentator and candidate Patrick Buchanan.

Bush should be held accountable for being oblivious to the depths of the recession. But blaming him for everything or believing an extremist like Buchanan is the answer is too easy and won't solve any business' problems. East Coast is like many New England retailers that were lifted by the helium of the 1980s, crash-landed, and now must get airborne again on their own.

East Coast's elevation would surely be higher now if home building hadn't screeched to a halt and the state's economy hadn't keeled over. But it also fell victim to overly ambitious expansion into Maine and cavalier accounting oversight.

Only a year after Bush stage-managed his photo opportunity, East Coast Lumber had closed two of its three stores, its sawmill and its import business. It filed for bankruptcy with $7 million in debt. It also uncovered that three employees may have stolen about $1 million in building products.

Company profits eroded because of its penchant for underbidding jobs; margins had dipped to around 18 percent. East Coast had up to $60,000 in receivables a month going into 90-day accounts, and contractor check payments bounced all over the place.

Lewis took sole control of East Coast from his partner, Marty Feuer, the company's mercurial founder, in October 1988.

It took Lewis, a builder, a while to get the hang of retailing. But he was astute enough to rein in the company's out-of-control operations and impose much-needed accounting procedures. Having written off more than $4 million in bad customer debt, East Coast now demands payment for products *before* they're shipped. Receivables declined virtually to zero in 1991.

East Coast emerged from bankruptcy last April, and margins are up to 24 percent. Home building in the area may still be moribund, but at least the company, says one official, is "in control of ourselves."

National Home Center News®
The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers

published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, N.Y. 10022
212-756-5000/Fax: 212-838-9487

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Circulation Director—Cindy Stump (664-6747)

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